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11 Attorney for the Arizona Department of Revenue

RICHMOND DIVISION	
F	F
I	I
L	JUN 02 2011
E	E
D	CLERK
US BANKRUPTCY COURT	

10 IN THE UNITED STATES BANKRUPTCY COURT
11 FOR THE DISTRICT OF VIRGINIA
12 RICHMOND DIVISION

13 In re:
14 CIRCUIT CITY STORES, INC. et al.,
15 Debtors.

16 In Proceedings Under
17 Chapter 11
18 Case No. 08-35653-KRH

19 **RESPONSE TO LIQUIDATING TRUST'S OBJECTION TO
20 CLAIM NO. 14695 FILED BY THE ARIZONA DEPARTMENT OF REVENUE**

21 The Arizona Department of Revenue ("Department") files its Response to the
22 Liquidating Trust's Objection to Claim No. 14695 filed by the Department (the "Objection")
23 and requests that the Court deny the Objection and allow the Department's Claim as follows:

24 I. Relevant Factual History.

- 25 1. The Debtors filed a Chapter 11 bankruptcy petition on November 10, 2008.
26 2. On or about October 6, 2009, the Department filed its Second Amended Proof

1 of Claim, Proof of Claim No. 14695, against Debtor Circuit City Stores Incorporated
2 (“Debtor”), Case No. 08-35653-KRH, EIN 54-0493875.

3 3. The Proof of Claim includes priority claims for Debtor’s corporate income tax
4 liabilities for 2004, 2005 and 2006, and the November 2008 transaction privilege (“sales”) tax
5 liability.

6 4. The corporate liabilities are based on amended returns the Debtors filed. *See*
7 Amended Corporate Returns for 2004, 2005 and 2006, attached hereto as Exhibit “A.”

8 5. The Debtor amended its corporate returns and requested refunds. The
9 Department issued the refunds for fiscal years 2004 and 2005. *Id.*

10 6. Next, the IRS rejected the amended returns, and the Debtor amended the
11 previously amended returns according to the IRS requirements. *Id.*

12 7. The Debtor filed the amended return for Fiscal Year 2004, ending February 28,
13 2004, on the 2003 form; for Fiscal Year 2005, ending February 28, 2005, on the 2004 form;
14 and for Fiscal Year 2006, ending February 28, 2006, on the 2005 form.

15 8. The Debtor notified the Department that it owed \$131,372, \$41,677, and
16 \$33,996 for fiscal years 2004, 2005 and 2006, respectively. *Id.*

17 9. The numbers on the Department’s priority claim for fiscal years 2004 and 2005
18 are somewhat reversed from the Debtor’s numbers, because the Debtor misallocated the refund
19 amounts between fiscal year 2004 and 2005.

20 10. The tax amounts showing on the Proof of Claim for fiscal years 2004, 2005 and
21 2006 total \$193,719.31, which is less than the \$207,045 the Debtor admitted to owing for the
22 additional taxes for those years.

1 11. The remainder of the Department's priority claim relates to the November 2008
2 transaction privilege ("sales") tax return. The Debtor bifurcated the return into the pre and
3 post-petition amounts and paid the \$62,019.56 post-petition amount. *See* November 2008
4 Transaction Privilege Tax Return, attached hereto as Exhibit "B."

5 12. The Proof of Claim also includes general unsecured claims for the penalties that
6 relate to the priority taxes and the unclaimed property from uncashed rebate checks.

7 13. The unclaimed property portion of the Proof of Claim is based on
8 documentation estimating the Department's claim from the Unclaimed Property Clearinghouse.
9 *See* Exhibit "C."

10 14. On the Trust filed the Objection. Since that time, the Department and the
11 Trust's attorneys have been working to resolve the Objection informally.

12 15. The Trust filed the Objection, claiming

13 (a) The Arizona DOR fails to identify the specific Debtor or
14 Debtors against which Claim 14695 is asserted;

15 (b) The amount of the claims asserted by the Arizona DOR
16 through Claim 14695 are not reflected on the Debtors' books and
17 records;

18 (c) Upon information and belief, the Arizona DOR asserted
19 some or all of the claims asserted through Claim 14695 based on
20 the improper or erroneous applications of applicable law or
21 calculations of the taxes claimed; and/or

22 (d) The Arizona DOR did not provide any basis or support
23 for the amounts asserted through Claim 14695.

24 Objection, page 7.

25 15. As shown above,

26 (a) The Department identified the specific Debtor on the

1 ORIGINAL of the foregoing
2 filed June 1, 2011, with:

3 Clerk of the Bankruptcy Court
4 United States Bankruptcy Court
5 701 East Broad Street – Room 4000
Richmond, Virginia 23219

6 COPY of the foregoing sent *via* email
7 or telecopy June 1, 2011, to:

8 Jeffrey N. Pomerantz, Esq.
9 Andrew W. Caine, Esq.
PACHULSKI STANG ZIEHL & JONES LLP
10 10100 Santa Monica Boulevard
Los Angeles, California 90067-4100
11 Telecopy: (310) 201-0760

12 Lynn L. Tavernner, Esq.
13 Paula S. Beran, Esq.
14 TAVENNER & BERAN, PLC
20 North Eighth Street, 2nd Floor
Richmond, Virginia 23219
15 Telecopy: (804) 783-0178

16 Ilan D. Scharf
17 PACHULSKI STANG ZIEHL & JONES LLP
ischarf@pszlaw.com

18
19 /s/ D. Paulk _____
1954688 / BCE09-0038
20
21
22
23
24
25
26

**ARIZONA FORM
120X**

Arizona Amended Corporation Income Tax Return

2005

For taxable year beginning February 28, 2005, and ending February 28, 2006
Mail return to: Arizona Department of Revenue, PO Box 29079, Phoenix, Arizona 85038-9079

Mail return to: Arizona Department of Revenue, PO Box 29079, Phoenix, Arizona 85038-9079

Business telephone 804-486-3710	Name CIRCUIT CITY STORES INC & SUBSIDIARIES	Federal employer ID number (FEIN) 54-0493875
Business Code	Number and Street 9950 MARYLAND DRIVE	Arizona withholding tax number
	City or Town, State and ZIP code RICHMOND, VA 23233-1464	Arizona TPT number

Check box if:	<input type="checkbox"/>	Name Change	<input type="checkbox"/>	Address Change
A Correction of failure to check correct box on Form 120, question B to: (See instructions)				
	1	<input type="checkbox"/> Separate Company		
	2	<input type="checkbox"/> Combined (unitary group)		
	3	<input type="checkbox"/> Consolidated		
B Reason for filing Form 120X:				
	1	<input checked="" type="checkbox"/> Finalized (federal audit) (attach copy)		
	2	<input type="checkbox"/> Amended federal return (attach copy)		
	3	<input type="checkbox"/> Arizona adjustments only (see instructions)		
C This amended return changes Arizona method of filing to: (See instructions)				
	1	<input type="checkbox"/> Separate Company		
	2	<input type="checkbox"/> Combined (unitary group)		

For DOR use only

•09-A0060827-0003

012809

0206

**DO NOT USE THE 2002 FORM 120X TO AMEND A PRIOR TAXABLE YEAR. USE
THE FORM 120X FOR THE TAXABLE YEAR BEING AMENDED.**

- 1 Taxable Income
 - 2 Additions to Taxable Income
 - 3 Total Taxable Income - add lines 1 and 2
 - 4 Subtractions from Taxable Income
 - 5 Arizona adjusted income - subtract line 4 from line 3. WHOLLY ARIZONA CORPORATIONS GO TO LINE 13
 - 6 Arizona adjusted income - from line 5. MULTISTATE CORPORATIONS ONLY
 - 7 Nonapportionable or allocable amounts. Multistate corporations only
 - 8 Adjusted business income - subtract line 7 from line 6.
 - 9 Arizona apportionment ratio - from Schedule C or ACA
 - 10 Income apportioned to Arizona - multiply line 8 by line 9.
 - 11 Other income allocated to Arizona. Multistate corporations only
 - 12 Income attributable to Arizona - add line 10 and 11.
 - 13 Arizona income before NOL - from line 5 or line 12
 - 14 Arizona basis net operating loss carryforward - attach computation schedule
 - 15 Arizona taxable income - subtract line 14 from line 13
 - 16 Tax - Tax is 6.968% of line 15 or \$50 whichever is greater
 - 17 Tax from recapture of credits - Arizona Form 300, Part II, line 24
 - 18 Subtotal - add line 16 and line 17
 - 19 Clean Elections Fund Tax Reduction
 - 20 Nonrefundable tax credits - from Arizona Form 300, Part II, line 50
 - 21 Credit type - enter form number for each credit claimed
 - 22 Tax liability - subtract the sum of line 19 and 20 from line 18
 - 23 Clean Election Fund Tax Credit - See Instructions before completing this line
 - 24 Tax liability after Clean Election Fund tax credit - subtract lines 23 from 22
 - 25 Refundable tax credit - See Instructions.
 - 26 Credit type - enter form number for each refundable credit claimed
 - 27 Retroactive consolidation tax payment credit - see Instructions
 - 28 Payments (extension, estimated)
 - 29 Payment with original return plus all payments after it was filed - from page 1
 - 30 Total payments - see Instructions
 - 31 Overpayment, if any, as shown on original return or as later adjusted - see page 1
 - 32 Total payments applied to amended tax liability - subtract line 31 from line 3
 - 33 TOTAL DUE - If line 24(c) is larger than line 32, enter the total due
 - 34 OVERPAYMENT - If line 32 is larger than line 24(c), enter the overpayment
 - 35 Amount of line 34 to be applied to 2004 estimated tax
 - 36 Amount to be refunded - subtract line 35 from line 34

COVERSHEET USE ONLY

COPY
Exhibit A

January 13, 2009

Arizona Department of Revenue
P.O. Box 29079
Phoenix, AZ 85038-9079

**SUBJECT: Circuit City Stores, Inc. and affiliated debtors
Chapter 11 Bankruptcy – Lead Case Number 08-35653
Notice of non-payment of pre-petition tax**

To Whom It May Concern:

Please be advised that on November 10, 2008 (the "Petition Date"), Circuit City Stores, Inc. and 17 affiliated debtors (the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Bankruptcy Code in the Bankruptcy Court of the Eastern District of Virginia (the "Bankruptcy Court"). For your reference, enclosed herewith is a copy of Annex A of the voluntary petition of Circuit City Stores, Inc. which lists all affiliated debtors.

The attached spreadsheets show, in total, additional tax of \$207,045 currently due to your jurisdiction. This additional tax due has been classified as a "pre-petition" obligation. Generally the Debtors are not allowed to make payments based on pre-petition liabilities. Accordingly, this letter is to advise that no payment is enclosed at this time. Please mark your records to indicate that the taxpayer and owner of this account is in Chapter 11 Bankruptcy.

Your jurisdiction has or will receive an official notice of the Debtor's Chapter 11 filing as well as subsequent notices. These notices will include instructions on how to file a claim for any pre-petition amounts owing that have not been paid. Additional information is also available on the Debtor's noticing agent's website at www.kccilc.com.

If you have any questions, please contact the undersigned at: (804) 486-3097 or by email at: Jeremy_Ewell@circuitcity.com.

Respectfully submitted,



Jeremy Ewell
Circuit City Stores, Inc.
Tax Manager

Enc: Annex A of Voluntary Bankruptcy Petition

CIRCUIT CITY
CASH RECEIPT FORM

DATE: 9/23/2008
AMOUNT: \$220,446.99
RECEIVED FROM: State of Arizona
EXPLANATION: Corporate Tax refund FY04 & FY05 amended
CCS
CHECK NUMBER: 0968130

GENERAL LEDGER DISTRIBUTION:

DESCRIPTION	ACCT	DEPT	PROD	AMOUNT
AZ CCS Refund FY04 & FY05 Amended	128260	09000	020050	\$177,230.08
AZ CCS Refund FY04 & FY05 Amended Interest	270009	09000	020050	\$43,227.74
AZ CCS monies off set - Sales Tax	280000	09000	020050	(\$10.83)
✓ CHARGED PER PAUL ELLIS	684015		0000210	
Total check amount				\$220,446.99
Not on refunds outstandings list per Angel				

PREPARER INFORMATION:

NAME & SIGNATURE

EXTENSION

DEPARTMENT

Copy goes back to Angel
Make sure Paul gets copy to since hitting her acct

50-63265

Income Tax

Reg Early
Jeremy Ewell

MANAGER'S NAME & SIGNATURE: Jeremy Ewell

NOTE: The Treasury department deposits receipts by 2 pm of the following business day after they receive them. The only exception to this is on the last business day of the month. If receipts are delivered to Treasury by 10:00 AM on the last business day of the month, they will be deposited on that day. ANY RECEIPTS DELIVERED TO TREASURY AFTER 10:00 AM ON THE LAST BUSINESS DAY OF THE MONTH WILL NOT BE DEPOSITED ON THAT DAY.

(AZ DOR

CL Amt 220,446.99

tax

int

Fy04 136,749.96 32,361.23 169,111.13

Fy05 46,444.35 16,891.51 51,335.86

10.83 / offset - April 08 Sales Tax Return

Liab - 84,001.01

Payt - 83,286.68

Credit - 703.50

Arizona Department of Revenue
1600 W. Monroe St.
Phoenix, AZ 85007

04-0043 CIRCUIT CITY STORES INCORPORATED & SUBSIDIARIES
9950 MAYLAND DR
RICHMOND, VA 23233

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Enclosed is a refund from the State of Arizona representing an overpayment of your account. The overpayment is a result of payments received that exceed the amount of tax showing due on your account. When applicable, this amount accrues interest and is included in the refund calculation on the warrant stub. Per ARS 42-1118(A), refunds are subject to offsets to existing tax liabilities. If there is such an offset, it is indicated on the stub as "Monies Offset". Your net refund is shown as the "Total Refund Amount" and is the amount shown on the warrant. If you have any questions regarding this refund, please call Taxpayer Information and Assistance, Business Taxes at 602-255-2060 or statewide at 800-843-7196.

REFUND CALCULATION

Taxpayer Identification Number: 540493875
Refund Amount + Refund Interest Accrued - Monies Offset = Total Refund Amount
177230.08 + 43227.74 - 10.83 = 220446.99

128260

270009

220001

04-05 Amended

STATE OF ARIZONA 43-243 A.R.S.				VOID AFTER	BANK	WARRANT NO.
ACCOUNT NUMBER	CLAIM NO.	WARRANT NO.	DOCUMENT NO.	MO	DAY	YEAR
20692460	09234	0968130	00300571	02	17	2009
				DATE ISSUED		
				MO	DAY	YEAR
				08	21	2008
				PAY THIS AMOUNT		
				\$220,446.99		
*****TWO HUNDRED TWENTY THOUSAND FOUR HUNDRED FORTY-SIX AND 99/100 DOLLARS*****						
PAY TO THE ORDER OF:	CIRCUIT CITY STORES INCORPORATED & SUBSIDIARIES 9950 MAYLAND DR RICHMOND, VA 23233					
Payable through State Service Bank to State Treasurer of Arizona						
J. M. B. See DEPARTMENT OF ADMINISTRATION Janet Napolitano COUNTERSIGNED GOVERNOR						

0968130 1221011331 0000000000 23

**Arizona Department of Revenue
1600 W. Monroe St.
Phoenix, AZ 85007**

04-0013 CIRCUIT CITY STORES INCORPORATED & SUBSIDIARIES
9950 MAYLAND DR.
RICHMOND, VA 23233

Enclosed is a refund from the State of Arizona representing an overpayment of your account. The overpayment is a result of payments received that exceed the amount of tax showing due on your account. When applicable, this amount accrues interest and is included in the refund calculation on the warrant stub. Per ARS 42-1118(A), refunds are subject to offsets to existing tax liabilities. If there is such an offset, it is indicated on the stub as "Mohles Offset". Your net refund is shown as the "Total Refund Amount" and is the amount shown on the warrant. If you have any questions regarding this refund, please call Taxpayer Information and Assistance, Business Taxes at 602-255-2060 or statewide at 800-843-7196.

REFUND CALCULATION

Taxpayer Identification Number: 540493875

Refund Amount + Refund Interest Accrued - Monies Offset = Total Refund Amount
177230.08 + 43227.74 - 10.83 = 220446.99

STATE OF ARIZONA		FRANK J. MURKIN AND		
RECEIVED		23		
2009		10968130		
RECEIVED				
ACCOUNT NUMBER	SEARCH NUMBER	DOCUMENT NUMBER	SEARCH DATE	PAY THIS AMOUNT
20692460	0968130	00300571	10-09-2008	\$220,446.99
TWO HUNDRED TWENTY THOUSAND FOUR HUNDRED FORTY-SIX AND 99/100 DOL				
CIRCUIT CITY STORES INCORPORATED & SUBSIDIARIES BORDERS INC. MAYHEW INC.				
DEPARTMENT OF ADMINISTRATION				



Circuit City Stores, Inc.
Attention Tax Department
9950 Mayland Drive
Richmond, VA 23233-1464
tel 804.486.4000

May 8, 2008

Arizona Department of Revenue
P.O. Box 29079
Phoenix, AZ 85038-9079

RE: Circuit City Stores, Inc. & Subsidiaries
FEIN: 54-0493875

Dear Sir or Madam:

We recently filed amended returns with the Internal Revenue Service Field Service Team for fiscal years ending 02/29/04 (FY04) and 02/28/05 (FY05). We are currently under audit by the IRS for those years. These amended returns were filed with the Revenue Agent, February 8, 2008. Please see the attached Forms 1120X for additional information.

This letter serves as notice of our amended returns. If the IRS accepts our \$10,576 and \$138,956 for fiscal years ending 02/29/04 and 02/28/05. Once the IRS accepts our returns, we will notify you of the Arizona returns.

Should you require any additional information, please contact me by phone at (804) 486-3710.

Sincerely,

Angel Williams
Income Tax Analyst

Enclosures

2. Attn:
PO Box 29079
Phoenix, AZ 85038-9079

PS Form 3811, February 2004

Domestic Return Receipt

102585-02-M-154

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only, No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
OFFICIAL U.S. MAIL		
Postage	\$ 0.75	0110
Certified Fee	\$ 2.65	04
Return Receipt Fee (Endorsement Required)	\$ 2.15	
Restricted Delivery Fee (Endorsement Required)	\$ 0.00	
	\$ 5.55	05/08/2008
Postmark Here		
To: Arizona Dept of Revenue PO Box 29079 Phoenix, AZ 85038-9079		
PS Form 3811, February 2004		
See Reverse for Instructions		

DO. 24 JAN 26 2009
US POSTAGE FIRST CLASS
MAILED FROM 23233
011A94 13002193



City Stores, Inc.
Income Tax Dept.
50 Mayland Drive
Richmond, VA 23233



Arizona Department of Revenue
P.O. Box 29079
Phoenix, AZ 85038-9079

ARIZONA FORM
120X

Arizona Amended Corporation Income Tax Return

2004

For taxable year beginning February 29, 2004 and ending February 28, 2005

Mail return to: Arizona Department of Revenue, PO Box 29079, Phoenix, Arizona 85038-9079

CHECK ONE:
CALENDAR YEAR
FISCAL YEAR

Business telephone 804-486-3710	Name CIRCUIT CITY STORES INC & SUBSIDIARIES	Federal employer ID number (FEIN) 54-0493875
Business Code	Number and Street 9950 MARYLAND DRIVE	Arizona withholding tax number
	City or Town, State and ZIP code RICHMOND, VA 23233-1464	Arizona TPI number

Check box if: Name Change Address Change

For DOR use only

A Correction of failure to check correct box on Form 120, question B to: (See instructions)

- 1 Separate Company
2 Combined (unitary group)
3 Consolidated

B Reason for filing Form 120X:

- 1 Finalized federal audit (attach copy)
2 Amended federal return (attach copy)
3 Arizona adjustments only (see instructions)

C This amended return changes Arizona method of filing to: (See instructions)

- 1 Separate Company
2 Combined (unitary group)

**DO NOT USE THE 2002 FORM 120X TO AMEND A PRIOR TAXABLE YEAR. USE
THE FORM 120X FOR THE TAXABLE YEAR BEING AMENDED.**

- 1 Taxable Income
2 Additions to Taxable Income
3 Total Taxable Income - add lines 1 and 2
4 Subtractions from Taxable Income
5 Arizona adjusted income - subtract line 4 from line 3. WHOLLY ARIZONA
CORPORATIONS GO TO LINE 13
6 Arizona adjusted income - from line 5. MULTISTATE CORPORATIONS ONLY
7 Nonapportionable or allocable amounts. Multistate corporations only
8 Adjusted business income - subtract line 7 from line 6.
9 Arizona apportionment ratio - from Schedule C or ACA
10 Income apportioned to Arizona - multiply line 8 by line 9.
11 Other income allocated to Arizona. Multistate corporations only
12 Income attributable to Arizona - add line 10 and 11.
13 Arizona income before NOL - from line 5 or line 12
14 Arizona basis net operating loss carryforward - attach computation schedule
15 Arizona taxable income - subtract line 14 from line 13
16 Tax - Tax is 6.968% of line 15 or \$50 whichever is greater
17 Tax from recapture of credits - Arizona Form 300, Part II, line 24
18 Subtotal - add line 16 and line 17
19 Clean Elections Fund Tax Reduction
20 Nonrefundable tax credits - from Arizona Form 300, Part II, line 50
21 Credit type - enter form number for each credit claimed
22 Tax liability - subtract the sum of line 19 and 20 from line 18
23 Clean Election Fund Tax Credit. See instructions before completing this line
24 Tax liability after Clean Election Fund tax credit - subtract lines 23 from 22
25 Refundable tax credit - see instructions.
26 Credit type - enter form number for each refundable credit claimed
27 Retroactive consolidation tax payment credit - see instructions
28 Payments (extension, estimated)
29 Payment with original return plus all payments after it was filed - from page 2, Schedule D
30 Total payments - see instructions
31 Overpayment, if any, as shown on original return or as later adjusted - see instructions
32 Total payments applied to amended tax liability - subtract line 31 from line 30
33 TOTAL DUE - If line 24(c) is larger than line 32, enter the total due
34 OVERPAYMENT - If line 32 is larger than line 24(c), enter the overpayment
35 Amount of line 34 to be applied to 2004 estimated tax
36 Amount to be refunded - subtract line 35 from line 34

(a) As Original or Adjusted	(b) Net Change Increase or (decrease)	(c) Correct Amount
111,059,255.00	(1,487,110.00)	109,572,145.00
301,463,054.00	(2,433,264.00)	299,029,790.00
412,522,309.00	(3,920,374.00)	408,601,935.00
265,167,858.00	0.00	265,167,858.00
147,354,451.00	(3,920,374.00)	143,434,077.00
147,354,451.00	(3,920,374.00)	143,434,077.00
0.00	0.00	0.00
147,354,451.00	(3,920,374.00)	143,434,077.00
0.015728	0.00	0.015728
2,317,591.00	(61,660.00)	2,255,931.00
0.00	0.00	0.00
2,317,591.00	(61,660.00)	2,255,931.00
2,317,591.00	(61,660.00)	2,255,931.00
2,073,553.00	(2,073,553.00)	0.00
244,038.00	2,011,893.00	2,255,931.00
17,005.00	140,188.00	157,193.00
0.00	0.00	0.00
17,005.00	140,188.00	157,193.00
0.00	0.00	0.00
0.00	0.00	0.00
17,005.00	140,188.00	157,193.00
0.00	0.00	0.00
17,005.00	140,188.00	157,193.00
0.00	0.00	0.00
25	0.00	
26	0.00	
27	0.00	
28	115,000.00	
29	40,961.00	
30	155,961.00	
31	138,956.00	
32	17,005.00	
33	140,188.00	
34	0.00	
35	0.00	
36	0.00	

COVERSHEET USE ONLY

COPY

Circuit City Stores, Inc. and Subsidiaries
 Unitary 3
 Arizona - Form 120X
 FY05 / Tax Year 2004

As Originally Filed or Adjusted	SLB Claim	As Previously Reported	SLB	IRS	As Adjusted
106,014,242	5,045,013	111,059,255	(5,045,013)	3,557,903	109,572,145
301,463,054		301,463,054		(2,433,264)	299,029,790
(265,167,858)		(265,167,858)			(265,167,858)
142,309,438	5,045,013	147,354,451	(5,045,013)	1,124,639	142,434,077
1.5728%	1.5728%	1.5728%	1.5728%	1.5728%	1.5728%
2,238,243	79,348	2,317,591	(79,348)	17,688	2,255,931
		2,073,553			
2,238,243	79,348	244,038	(79,348)	17,688	2,255,931
Tax (6.968%)	155,961	5,529	17,005	(5,529)	1,233
Payments	(115,000)		(115,000)		157,193
Tax/(Refund) Due	40,961	5,529	(5,529)	1,233	(115,000)
Tax Paid with Original Return					✓42,193
Tax Refund Received from AZ DOR ^					(40,961)
Additional Tax/(Refund) Due					40,444
					41,677

^ state also paid interest of \$10,892 not included in above calculation

*IRS adjustments resulted in change to bonus depreciation, which was previously disallowed on our AZ return.

Circuit City Stores, Inc. and Subsidiaries
 Amended Returns
 FY05 - Tax Year 2004

**Current Adjustments
 per Form 4249-A**

CCSI Adjustments:

Increase in Cost of Goods Sold	(14,691)
Increase in Form 4797 Gain/(Loss)	(3,939,864)
Increase in Miscellaneous Income	105,346
Decrease in Officers Compensation	48,523
Increase in Salaries and Wages	(718,135)
Decrease in Repairs and Maintenance	3,064,286
Decrease in Rent Expense	6,800,303
Increase in Interest Expense	(1,022,031)
Increase in Depreciation Expense	(397,678)
Increase in Software Development Expense	(17,097,347)
Decrease in Miscellaneous Occupancy Expense	371,915
Decrease in Miscellaneous Selling Expense	8,574,760
Decrease in Miscellaneous General Expense	3,184,056
	(1,040,557)

CCSWC Adjustments:

Increase in Form 4797 Gain/(Loss)	(1,402,362)
Increase in Depreciation Expense	(36,607)
Decrease in Miscellaneous Occupancy Expense	27,994
	(1,410,975)

Intertan Adjustments

Decrease in Capital Gain Net Income	3,110,157
Decrease in Depreciation Expense	355,128
Decrease in NOL	2,867,549
	6,332,834

Tyler Adjustments

Decrease in Other Income	(77,605,194)
--------------------------	--------------

Ventoux Adjustments

Decreased in Dividend Income	(323,399)
------------------------------	-----------

Total Adjustments

(74,047,291)

Circuit City Stores, Inc. and Subsidiaries
Unitary 3
Arizona - Form 120X
FY05 / Tax Year 2004

	As Originally Filed or Adjusted	Amendment 1120X	As Adjusted
Taxable Income per Federal Return	106,014,242	5,045,013	111,059,255
Additions to Taxable Income	301,463,054		301,463,054
Subtractions to Taxable Income	(265,167,858)		(265,167,858)
AZ Adjusted Income	142,309,438	5,045,013	147,354,451
Apportionment Ratio	1.5728%	1.5728%	1.5728%
AZ Income before NOL	2,238,243	79,348	✓ 2,317,591
NOL carryforward			✓ 2,073,553
AZ Taxable Income	2,238,243	79,348	244,038
 Tax (6.968%)	 155,961	 5,529	 ✓ 17,005
Payments	(115,000)		(115,000)
Tax/(Refund) Due	40,961		(97,995)
Tax Paid with Original Return			(40,961)
Additional Tax/(Refund) Due			✓ (138,956)

ARIZONA FORM
120X

Arizona Amended Corporation Income Tax Return

2003

For taxable year beginning March 2, 2003, and ending February 29, 2004

Mail return to: Arizona Department of Revenue, PO Box 29079, Phoenix, Arizona 85038-9079

CHECK ONE:
CALENDAR YEAR
FISCAL YEAR

Business telephone 804-486-3710	Name CIRCUIT CITY STORES INC & SUBSIDIARIES	Federal employer ID number (FEIN) 54-0493875
Business Code Number and Street 9950 MARYLAND DRIVE		Arizona withholding tax number
	City or Town, State and ZIP code RICHMOND, VA 23233-1464	Arizona TPT number 00-00000000000000000001

Check box if:
 Name Change Address change

A Correction of failure to check correct box on Form 120, question 8 to: (See instructions)
 Separate Company
 Combined (unitary group)
 Consolidated

B Reason for filing Form 120X:
 Finalized federal audit (attach copy)
 Amended federal return (attach copy)
 Arizona adjustments only (see instructions)

C This amended return changes Arizona method of filing to: (See instructions)
 Separate Company
 Combined (unitary group)

DO NOT USE THE 2002 FORM 120X TO AMEND A PRIOR TAXABLE YEAR. USE THE FORM 12DX FOR THE TAXABLE YEAR BEING AMENDED.

- 1 Taxable Income
- 2 Additions to Taxable Income
- 3 Total Taxable Income - add lines 1 and 2
- 4 Subtractions from Taxable Income
- 5 Arizona adjusted income - subtract line 4 from line 3. WHOLLY ARIZONA CORPORATIONS GO TO LINE 13
- 6 Arizona adjusted income - from line 5. MULTISTATE CORPORATIONS ONLY
- 7 Nonapportionable or allocable amounts. Multistate corporations only
- 8 Adjusted business income - subtract line 7 from line 6.
- 9 Arizona apportionment ratio - from Schedule C or ACA
- 10 Income apportioned to Arizona - multiply line 8 by line 9.
- 11 Other income allocated to Arizona. Multistate corporations only
- 12 Income attributable to Arizona - add line 10 and 11.
- 13 Arizona income before NOL - from line 5 or line 12
- 14 Arizona basis net operating loss carryforward - attach computation schedule
- 15 Arizona taxable income - subtract line 14 from line 13
- 16 Tax - Tax is 6.968% of line 15 or \$50 whichever is greater
- 17 Tax from recapture of credits - Arizona Form 300, Part II, line 24
- 18 Subtotal - add line 16 and line 17
- 19 Clean Elections Fund Tax Reduction
- 20 Nonrefundable tax credits - from Arizona Form 300, Part II, line 50
- 21 Credit type - enter form number for each credit claimed
- 22 Tax liability - subtract the sum of line 19 and 20 from line 18
- 23 Clean Election Fund Tax Credit. See Instructions before completing this line
- 24 Tax liability after Clean Election Fund tax credit - subtract lines 23 from 22
- 25 Refundable tax credit - see Instructions
- 26 Credit type - enter form number for each refundable credit claimed
- 27 Retroactive consolidation tax payment credit - see Instructions
- 28 Payments (extension, estimated)
- 29 Payment with original return plus all payments after it was filed - from page 2, Schedule D
- 30 Total payments - see Instructions
- 31 Overpayment, if any, as shown on original return or as later adjusted - see Instructions
- 32 Total payments applied to amended tax liability - subtract line 31 from line 30
- 33 TOTAL DUE - If line 24(c) is larger than line 32, enter the total due
- 34 OVERPAYMENT - If line 32 is larger than line 24(c), enter the overpayment
- 35 Amount of line 34 to be applied to 2004 estimated tax
- 36 Amount to be refunded - subtract line 35 from line 34

(a) As Original or Adjusted	(b) Net Change Increase or (decrease)	(c) Correct Amount
(144,694,641) 00	166,085,152 00	1 21,390,511 00
431,799,871 00	(1,235,888) 00	2 430,563,983 00
287,105,230 00	164,849,264 00	3 451,954,494 00
401,315,603 00	00 00	4 401,315,603 00
(114,210,373) 00	164,849,264 00	5 50,638,891 00
(114,210,373) 00	164,849,264 00	6 50,638,891 00
00 00	00 00	7 00 00
(114,210,373) 00	164,849,264 00	8 50,638,891 00
0.014722 00	0.014722 00	9 0.014722 00
(1,681,405) 00	\$2,426,911 00	10 745,506 00
00 00	00 00	11 00 00
(1,681,405) 00	\$2,426,911 00	12 745,506 00
(1,681,405) 00	\$2,426,911 00	13 745,506 00
392,148 00	00 00	14 392,148 00
(2,073,553) 00	\$2,426,911 00	15 353,358 00
50 00	\$24,572 00	16 24,622 00
00 00	00 00	17 00 00
50 00	\$24,572 00	18 24,622 00
00 00	00 00	19 00 00
00 00	00 00	20 00 00
50 00	24,572 00	21 00 00
00 00	00 00	22 24,622 00
00 00	00 00	23 00 00
50 00	24,572 00	24 24,622 00
25 00	00 00	25 00 00
27 00	00 00	26 00 00
28 00	30,000 00	27 00 00
29 00	27,324 00	28 57,324 00
30 00	57,324 00	29 57,274 00
31 00	57,274 00	32 50 00
33 00	24,572 00	34 00 00
34 00	00 00	35 00 00
35 00	00 00	36 00 00

COVERSHEET USE ONLY

COPY

20002 - myEXTRAD Enterprise

File Edit View Tools Session Options Help

TC0003.03 AROP - CORPORATE INCOME TAX ON LINE INQUIRY DATE 02/17/09 FILE HS
54 0493875 0 11 DT 2004 02 B/D 2004 21168 03 TYPE 120 W/C 12 15 2004 P/I

CIRCUIT CITY STORE FILER DOW CTC CONDT 500/360 FILER DOR

01 EDITXIN 6462099 6462099 22 TXBPCD 10576 10576
02 ADDPTX 431799371 431799371 23 CINCRC 0 0
03 TOTINC 438261970 438261970 24 TXPAKX 10576 10576
04 SUBPTX 401315603 401315603 25 KPCRD 0 0
05 AZAJIN 36946367 36946367 26 CONCRX 0 0
06 APADIN 36946367 36946367 27 TXPAKX 0 0
07 NSNAPP 0 0 28 CONCRX 100000 300000
08 ADJRCI 36946367 36946367 COR CORCR 0 0
09 ASAPRT 101472200 101472200 30 TXAPPD 300000 300000
10 AJRSAP 543924 543924 31 OTHCRX 0 0
11 OTINC 0 0 32 TXPAKX 10424 10424
12 ATINAZ 543924 543924 33 TXPAKX 0 0
13 ADGRTN 543924 543924 34 KPCRD 0 0
14 HOLCFP 392143 392143 35 TXPAKX 0 0
15 TAXINC 151776 151776 36 TXPAKX 10424 10424
16 TAXDIN 10576 10576 37 OPAYIN 10424 10424
17 RECAPT 0 0 38 REPFET 0 0
18 SUBTAX 10576 10576 39 TXPAKX 10424 10424
19 CLRNED 0 0 40 TXPAKX 0 0
20 CORCR 0 0

PF2=SYS STAT PF3=RTN MENU PF4=MAIN MENU PF5=CHG YR PF6=PAI PF12=PG 1

REF 501001 01/01

20002 - myEXTRAD Enterprise

File Edit View Tools Session Options Help

TC0003.03 AROP - CORPORATE INCOME TAX ON LINE INQUIRY - DATE 02/17/09 FILE PY
54 0493875 1 11 DT 2004 02 B/D 2005 10471 15 TYPE 120X END 05 17 2005 P/I Y

CIRCUIT CITY STORE FILER DOW CTC CONDT 500/360 FILER DOR

01 EDITXIN 6462099 0 19 CLRNED 0 0
02 ADDPTX 431799371 0 20 CORCR 0 0
03 TOTINC 438261970 0 22 TXBPCD 37501 0
04 SUBPTX 401315603 0 23 CINCRC 0 0
05 AZAJIN 36946367 0 24 TXPAKX 37501 0
06 APADIN 36946367 0 25 KPCRD 0 0
07 NSNAPP 0 0 26 CONCRX 0 0
08 ADJRCI 36946367 0 27 TXPAKX 100000 0
09 ASAPRT 101472200 101472200 28 OTHCRX 0 0
10 AJRSAP 543924 0 29 CORCR 0 0
11 OTINC 0 0 30 TXPAKX 10424 0
12 ATINAZ 543924 0 31 KPCRD 10424 0
13 ADGRTN 543924 0 32 TXPAKX 10576 0
14 HOLCFP 0 0 33 TXPAKX 27323 0
15 TAXINC 543924 0 34 OPAYIN 0 0
16 TAXDIN 57901 0 35 KPCRD 0 0
17 RECAPT 0 0 36 TXPAKX 0 0
18 SUBTAX 37501 0 37 TXPAKX 0 0

PF2=SYS STAT PF3=RTN MENU PF4=MAIN MENU PF5=CHG YR PF6=PAI PF12=PG 1

REF 501001 01/01

Circuit City Stores, Inc. and Subsidiaries
 Unitary 3
 Arizona - Form 120X
 FY04 / Tax Year 2003

As Originally Filed or Adjusted	SLB Claim	As Previously Reported	SLB Withdrawn	IRS Adjustments	As Adjusted
Taxable Income per Federal Return					
Additions to Taxable Income*					
Subtractions from Taxable Income					
AZ Adjusted Income					
Apportionment Ratio					
AZ Income before NOL					
NOL carryforward					
AZ Taxable Income					
Tax (6.958%)	10,576	(155,061)	155,061	14,046	24,622
Payments	(30,000)		(30,000)		(30,000)
Tax/(Refund) Due	(19,424)	(155,061)	155,061	14,046	(5,378) ✓
Refund of Tax from Original Notification ^		136,750			136,750
Additional Tax/(Refund) Due		(18,311)			131,372

^ state also paid interest of \$32,361 not included in above calculation.

*IRS adjustments resulted in change to federal depreciation, which was previously disallowed on our AZ return.

Circuit City Stores, Inc. and Subsidiaries
Amended Returns
FY04 - Tax Year 2003

Current Adjustments
per Form 4549-A

<u>CCSI Adjustments:</u>	
Decrease in Capital Gain Net Income	(1,769,081)
Increase in Form 4797 Gain/(Loss)	266,663
Increase in Miscellaneous Income	94,938
Decrease in Officers Compensation	26,939
Increase in Salaries and Wages	(122,538)
Increase in Repairs and Maintenance	(377,252)
Decrease in Charitable Contributions	1,178,615
Decrease in Depreciation Expense	1,151,954
Increase in Amortization Expense	(8,181)
Decrease in Miscellaneous Occupancy Expense	822,089
Decrease in Miscellaneous Selling Expense	16,939,758
Increase in Miscellaneous General Expense	(3,379,164)
	14,824,741
<u>CCSWC Adjustments:</u>	
Decrease in Capital Gain Net Income	(280,822)
Decrease in Depreciation Expense	83,934
Decrease in Miscellaneous Occupancy Expense	304,060
	107,172
<u>DC Funding Adjustments:</u>	
Decrease in Miscellaneous Income	(10,656,765)
Increase in Bad Debt Expense	(62,484,015)
	(82,150,780)
<u>Patapsco Adjustments</u>	
Increase in Miscellaneous General Expense	(3,501)
<u>Tyler Adjustments</u>	
Increase in Miscellaneous Income	3,430,664
Decrease in Bad Debt Expense	20,284,007
	23,694,661
<u>Total Adjustments</u>	<u>(43,527,707)</u>

✓ Credit City Stores, Inc. and Subsidiaries
Unitary 3
Arizona - Form 120X
FY04 / Tax Year 2003

	As Originally Filed or Adjusted	Amendment 1120X	As Adjusted
Taxable Income per Federal Return	6,462,099	(151,156,740)	(144,694,641)
Additions to Taxable Income	431,799,871		431,799,871
Subtractions to Taxable Income	(401,315,603)		(401,315,603)
AZ Adjusted Income	36,946,367	(151,156,740)	(114,210,373)
Apportionment Ratio	1.4722%	1.4722%	1.4722%
AZ Income before NOL	543,924	(2,225,330)	✓(1,681,405)
NOL carryforward	(392,148)		
AZ Taxable Income	151,776	(2,225,330)	(1,681,405)
 Tax (6.968%)	10,576	(155,061)	✓(117,160)
Payments	(30,000)		(10,576)
Tax/(Refund) Due	(19,424)		✓(10,576) □

Only requesting that original tax paid be refunded

**TRANSACTION PRIVILEGE, USE, AND
SEVERANCE TAX RETURN (TPT-1)**

Arizona Department of Revenue

PO BOX 29010 PHOENIX, AZ 85038-9010

For assistance out-of-state or in the Phoenix area: (602) 255-2080 or
Statewide, toll free from area codes 520 and 928: (800) 843-7196

I. TAXPAYER INFORMATION

Amended Multipage Return One-Time Only Return Final Return
(cancel license)

BUSINESS NAME

CIRCUIT CITY STORES INC

C/O

ATTN: TAX DEPT

ADDRESS

9950 MARYLAND DR

CITY

STATE

ZIP

RICHMOND

VA

23233-1464

Address Changed

134-1 return is due the day of the month following
the reporting period.

STATE LICENSE NUMBER:

87 393955-8

TAXPAYER IDENTIFICATION NUMBER:

EIN SSN

EIN: 54-0493875

PERIOD BEGINNING:

1 1 0 1 2 0 0 8

PERIOD ENDING:

1 1 3 1 2 0 0 8

DOR USE ONLY

LABELED RETURN

08-A0019232-0030

POSTMARK DATE

RECEIVED DATE

122608

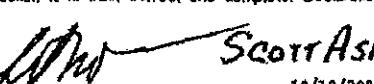
II. TRANSACTION DETAIL (If more reporting lines are necessary, please attach continuation pages.)

LINE	(A) BUSINESS DESCRIPTION	(B) REGION CODE	(C) BUSINESS CLASS	(D) GROSS AMOUNT	(E) DEDUCTION AMOUNT	(F) NET TAXABLE AMOUNT	(G) TAX RATE	(H) TOTAL TAX AMOUNT	(I) ACCOUNTING CREDIT RATE	(J) = (F x I) ACCOUNTING CREDIT
1	RETAIL	APA	017	2,059.44		2,059.44	0.06100	125.53		
2	RETAIL	COC	017	4,387.75		4,387.75	0.06725	295.08		
3	RETAIL	COR	017	18,316.25		18,316.25	0.06100	1,117.39		
4	RETAIL	GLA	017	1,640.91		1,640.91	0.06600	105.30		
5	RETAIL	GLA	017	4,082.50		4,082.50	0.06100	249.03		
	Subtotal			1,345,710.29		1,345,710.29		75,001.37		

III. TAX COMPUTATION

1	Total deductions from Schedule A	1	
2	Total Tax Amount (from column H)	2	75,001.37
3	State excess tax collected	3	
4	Other excess tax collected	4	
5	Total Tax Liability: Add lines 2, 3, and 4	5	75,001.37
6	Accounting Credit (from column J)	6	
7	State excess tax accounting credit: Multiply line 3 by .01	7	
8	Total Accounting Credit: Add lines 6 and 7	8	
9	Net tax due line: Subtract line 8 from line 5	9	73,001.37
10	Penalty and interest	10	
11	TPT estimated payments to be used	11	
12	Total amount due this period	12	73,001.37
13	Additional payment to be applied (for other periods)	13	
14	TOTAL AMOUNT REMITTED WITH THIS RETURN	14	73,001.37

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.


SCOTT ASH
12/10/2008
TAXPAYER SIGNATURE TAX PREPAGER DATE

PAID PREPARER'S SIGNATURE (OTHER THAN TAXPAYER)

PAID PREPARER'S EIN OR SSN

ADOR 80-1046 (4/05)

Please make check payable to Arizona Department of Revenue.

NOT AUTHORIZED TO PAY PRE 12,981.81
POST 62,019.56

800348 1.000

Exhibit B.

112108



A C S

E. Suzanne Darling
Vice President

November 17, 2008

Dan Corcoran
Unclaimed Property Administrator
Arizona Department of Revenue
1600 W. Monroe (SC 604)
Phoenix, AZ 85007

**RE: Circuit City Stores, Inc.—Impact of Bankruptcy
Filing on Unreported Unclaimed Property Liabilities**

Dear Dan:

On November 10, 2008, Circuit City Stores, Inc. ("Circuit City") and 17 of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Code. As a Chapter 11 case, Circuit City is seeking to reorganize (and, according to a company press release, "create a more efficient chain with a streamlined cost structure") rather than undergo liquidation. In its Chapter 11 filing, Circuit City reported \$3.4 billion in assets and \$2.32 billion in liabilities, which provides the basis for ongoing operations.

This development is important because the Unclaimed Property Clearinghouse is currently auditing Circuit City for unclaimed rebates. We have made preliminary filings of unclaimed rebates issued by one rebate processor but we are aware that Circuit City utilized other rebate processors, the records for which have not yet been reviewed. Although the Clearinghouse has made preliminary findings, Circuit City's counsel has disputed the rebate liability, asserting legal defenses including that the unclaimed rebate liability has been extinguished through time limitations within the terms of the rebate offer. (Unlike many other instances, we believe that Circuit City retained the funds representing uncashed rebate checks, and the funds were not retained by the rebate processors.)

Rather than eliminating any unreported unclaimed liabilities of Circuit City, the filing in the bankruptcy court will afford the states with a forum to assert their claims to this property. In general terms, at such time as the bankruptcy court solicits claims of Circuit City's debtors, the states can submit claim forms detailing the nature of the unclaimed rebates and the basis for the states' claim. It can be expected that the bankruptcy trustee will object; the matter can then be taken up by the court, and the states' claims fully vetted. If the states prevail, they will be treated as general creditors of Circuit City, and receive the same relief as is afforded to other general creditors (which may be 100 percent of the claim, but quite possibly less). Additionally, there is always the possibility that Circuit City will, in conjunction with the bankruptcy proceeding, elect to schedule (acknowledge) the unclaimed rebate payments as part of its outstanding liabilities. We will be reviewing the filings of Circuit City to determine whether this is the case.

AS IT HAS IT HAS DONE IN THE PAST, THE CLEARINGHOUSE, IN ITS CAPACITY AS AUDITOR FOR THE STATES AND NOT AS LEGAL COUNSEL, WILL AS A SERVICE TO THE STATES ASSIST THEM IN PREPARING AND SUBMITTING CLAIM FORMS TO THE BANKRUPTCY COURT. At such time as it becomes necessary to argue the states' claims before the trustee and within the bankruptcy court, ACS will help coordinate the case, including assisting in securing counsel should Attorneys General and other state legal counsel elect not to proceed directly.

An additional item of interest concerning Circuit City is that it has been a major issuer of branded, closed-loop gift cards. It is our understanding that Circuit City historically took the position that these gift cards were not reportable as unclaimed property; allegedly Circuit City did not retain the name and address of purchasers of gift cards, and Circuit City's state of incorporation expressly exempts this unclaimed property type. Depending upon your state's gift card law and depending upon the specifics of Circuit City's gift card program, your state may be inclined to include unpresented Circuit City gift cards that were issued in your state in the claim with the bankruptcy court. The issue of whether the state where a gift card was issued where the holder has not retained name and address information but the state of incorporation has waived its claim has not yet been litigated. The bankruptcy court may be an appropriate place to assert this claim (although it can be fully anticipated that any victory on the part of the states would be appealed by the retail industry).

The Clearinghouse does not have insight into other possible unreported unclaimed property liabilities of Circuit City, but as a matter of course all types of unclaimed property may be included in the claim filed with the bankruptcy court.

At this time, you need not take any action. Should you have any questions concerning this matter, or the rights of the states to assert claims in bankruptcy proceedings, please contact me at (804) 502-5215, email suzanne.darling@acs-inc.com. For your reference, we have attached the preliminary findings of unclaimed Circuit City rebates issued to owners with last known addresses in your state.

Sincerely,



Suzanne Darling
Vice President

Enclosure

SUBJECT TO THE PROTECTIVE AND NON-DISCLOSURE ORDER CONFIDENTIAL AND NON-PUBLIC INFORMATION SUBJECT TO THE PROTECTIVE AND
NON-DISCLOSURE ORDER ENTERED BY THE IOWA DISTRICT COURT FOR POLK COUNTY DATED NOVEMBER 14, 2006

**SUMMARY OF UNCLAIMED REBATE CHECKS ISSUED BY CIRCUIT CITY
DUE TO OWNERS WITH LAST KNOWN ADDRESS IN ARIZONA**

Property due November 1, 2005:	\$500.00
Property due November 1, 2006:	\$20,000.00
Property due November 1, 2007:	\$50,000.00
Property due November 1, 2008:	\$90,000.00

ESTIMATED PROPERTY REPORTABLE: \$160,500.00

expertise in action TM

